

## Section 11

### *Highlights of the 2001 Tax Changes*

#### **Publication 553 (Rev. January 2002)**

Some of the changes covered in [Publication 553](#) include:

- Tax rate reductions;
- Changes to various credits, including the earned income credit, adoption credit, and child tax credit;
- Changes to the student loan interest deduction;
- Changes to estate tax rates over the next few years and the eventual repeal of estate taxes;
- Increase in the allowable amount of individual retirement arrangement (IRA) contributions;
- Higher contribution and benefit limits for retirement plans; and
- Additional contributions to retirement plans for those age 50 and over.

#### **IRS CAUTIONS TAXPAYERS ABOUT NEW LINE ON 2001 1040 TAX FORMS**

The Internal Revenue Service says many filers made an error related to a new line on the federal tax form. *"This credit is the only new line on the basic tax forms. Taxpayers should read its instructions carefully so they get the proper benefits,"* said IRS Commissioner Charles O. Rossotti.

Line 47 on Form 1040 is for the Rate Reduction Credit, which taxpayers use if they did not receive last summer's Advance Payment in the maximum amount for their filing status. For additional information, contact the IRS or view [News Release IR-2002-06](#).

## **Some forms will be changing for Tax Year 2002**

Forms 5329, 8606, 6251, 8801, 8863, 8880, 3800, 6765, and New GBC Forms.

Highlights of 2001 Tax Changes can be found in [Publication 553](#) (revised January 2002).

Be sure you use the latest revision date for forms and publications by clicking on the IRS Web site at [Forms & Publications](#).

Check out [Tax Topic 609](#) for additional information on the Rate Reduction Credit.

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